PROF. MADHU DANDAVATE: I replied to this question last time. We have set up a committee to see that the choice of directors and others is made expeditiously. We have given them the norms with an assurance that we will not directly interfere politically in these appointments. Certain norms have been given. On the basis of the norms, when they make the selections, in this very Session all these appointments will be formalised.

MR. CHAIRMAN: Question No. 142.

White Paper on IMF Loans

*142. SHRI SUKOMAL SEN: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to issue a White Paper on loans taken from IMF and other international institutions since 1980 and the use made thereof; and

(b) if so, what are the details in this regard?

THE FINANCE MINISTER (PROF. MADHU DANDAVATE): (a) No, Sir.

(b) Does not arise.

SHRI SUKOMAL SEN: Sir, I would like to make some queries about our loans from the IMF. It is a known fact that whenever a loan is taken from the IMF, it imposes certain conditions on the borrowing country. What are the conditions? The IMF fixes the exchange rates of the currencies of foreign countries with the currency of the borrowing country. In this connection, I would like to know...

MR. CHAIRMAN: Your question is on a White Paper.

SHRI SUKOMAL SEN: I am coming to the point. Now, I would like to know from the hon. Minister whether the depreciation of the value of the Indian rupee *vis-a-vis* other major currencies has resulted in our country being obliged to repay the IMF loans at the rate of 180 per cent. That is, if they have taken a loan of Rs. 100/- they are repaying Rs. 180/- because of the depreciation of the value of our rupee in relation to other countries. The value of the rupee is 11 paise. The loan was taken at a different value. As there is depreciation in the value of the rupee, we are paying more to the IMF. So my question is whether because of the depreciation we have been actually repaying 180 per cent of the loan. In this connection, I would also like to know this. What has been the total decline in foreign exchange reserves in December 1989, after the repayment of the IMF loans?

PROF. MADHU DANDAVATE: In reply to a question in this very House, I have already pointed out that the external value of the rupee declines because we are connected to five major currencies in a basket. I fully agree with the hon. Member. For instance, in November 1981, we had taken from the IMF loans of 3.9 billion SDRs at the rate of exchange at that time. It means Rs. 4115 crores. I fully agree with the hon. Member and my reply would be in the affirmative. As a result of the change in the exchange value, now the payment we have to make is Rs. 4790 crores. Therefore, these exchange rates have definitely increased our burden of responsibility of repayment. (*Interruptions*). Sir, the hon. Member did not ask about the SDRs. He just asked whether because of the change of exchange rates our responsibility in terms of rupee has increased.

SHRI SUKOMAL SEN: Sir, secondly, I would like to know from the Minister what is the total amount of loan taken from the IMF till December, 1989 and also whether the present Government is thinking of applying for fresh loans from the IMF in this year.

MR. CHAIRMAN: He has already said "no".

AN HON. MEMBER: No repetition. ...(*Interruptions*)...

PROF. MADHU DANDAVATE: Sir, I think, he might be allowed to reply on my behalf. Sir, let me clarify the position. As far as the past loan of IMF is concerned, in November, 1981 we took from the IMF 3.9 billion SDRs and still at present we have to pay 1.15 billion SDRs, i.e. as far as the arrears or repayments are concerned. And as far as the future loans are concerned, I wish to make it as expiditiously clear as possible. We have not made any fresh applications for IMF loan and there are no negotiations going on.

MR. CHAIRMAN: You have already said it so many times. It is contained in the Budget speech... (*Interruptions*)...Now, Shri Suresh Kalmadi.

SHRI SURESH KALMADI: I would like to know from the Minister whether after the take-over by the new Government, the credit risk money, the credit risk valuation of our country has gone up. I have read it in an internatonal newspaper that the credit risk ratio has gone up from 5.2 to 6.1. I would like to know whether the interest rates especially after uttrances of some senior Members of this Government that the coffers are empty, whether due to this statement the interest rates of IMF and other lending institutions to India have gone up and is it a fact that the credit risk ratio of this country has also gone up since the new Government assumed office?

PROF. MADHU DANDAVATE: I do not think as far as the IMF is concerned, it is so much disturbed by the statement made in this country. I can tell you that as far as the IMF is concerned, they are not affected by our statement. As far as "the coffers are empty" is concerned, I said that it is figurative way of expressing the bad financial position. I said that in terms of borrowing because by the end of 31st March, 1989 we had a loan of Rs. 83,000 crores, including the non-resident Indians' deposits. Therefore, from that point of view I have said that. But as far as the facts are concerned, let me tell you, the present rate of IMF is 9.6 per cent. But it is a fact that IMF loan today is costlier than the commercial market borrowing from the foreign countries where it is 8 to 9 per cent, whereas IMF rate is 9.6.

SHRI SURESH KALMADI: Sir, he has not answered my specific question. The credit risk ratio in the international sphere has gone up from 5.6 to 6.1.

PROF. MADHU DANDAVATE: Sir, I know the credit risk ratio has gone up, but it has not at all gone up because of the factors he has attributed.

SHRI SURESH KALMADI: Any other factor?

PROF. MADHU DANDAVATE: But it is not due to the factors to which he is attributing this. I would like to tell him that as far as the international market borrowing rates are concerned, they are today even less than the IMF rates.

MR. CHAIRMAN: Shri Subramanian Swamy.

SHRI SUBRAMANIAN SWAMY: First of all, I welcome the Finance Minister's statement that they will not go in for an IMF loan to tide over the crisis in the economy that is obviously there. But, of course, this assurance was specially welcome because the American Ambassador had said that the Prime Minister, Mr. V.P. Singh is a more amenable and more reasonable person than the previous Prime Minister and in that context we are worried... (*Interruption*)...

MR. CHAIRMAN: What do you mean by "reasonable"?

SHRI SUBRAMANIAN SWAMY: Sir, as far as the American Ambassador is concerned, these are his words. So, Sir, we in this country are always worried that this would mean a sell-out of India's interests. But I would like to know one thing. When the

IMF loan was taken, the argument given was that it would help us tide over the foreign exchange crisis. Now, I would like to know, in terms of dollars, what the foreign exchange level of the country was, the foreign exchange reserves of the country, when the loan was taken and what the latest position is with regard to the foreign exchange level, if the Finance Minister has got the figures.

PROF. MADHU DANDAVATE: Sir, before I reply to this question, I would like to make a small correction.

Sir, because of the slip of tongue, I said, "Rs. 83 crores". It is Rs. 83,000 crores. Of course, this is understood. It is Rs. 83,000 crores as far as our external loans are concerned.

As far as our policy towards debts are concerned they are not at all dictated or dominated by what the US thinks or anyone else thinks.

As regards the second question that he has asked, when the IMF loan was taken in 1981, it was taken with the avowed object of meeting the difficult balance of payments position. To a very great extend the balance of payments position, far from being allowed to deteriorate, was held by the loan that was taken.

As far as the latest position is concerned, I woud lay on the Table of the House details showing exactly what the change is which has taken place as a result of this loan and I can assure the honourable Member that I will lay the figures on the Table of the House.

MR. CHAIRMAN: Question No. 143.

*143. [*The Questioner (Shri K. V. Thangkabalu) was absent. For answer, vide col. 37 and 38 infra.*]

MR. CHAIRMAN: Question No. 144. Mr. Morarka.

Cases of sick companies registered with BIFR

@*144. SHRI KAMAL MORARKA: Will the Minister of FINANCE be pleased to state:

(a) what is the number of sick companies which have been registered with the Board for Industrial and Financial Reconstruction over the last three years, yearwise;

(b) what are the details of the final decision taken by BIFR in such cases;

(c) whether there is a proposal to extend the scope of BIFR to small scale and public sector units also, and

(d) if so, by when a decision is likely to be taken thereon?

THE FINANCE MINISTER (PROF. MADHU DANDAVATE): (a) to (d) A Statement is laid on the Table of the House.

Statement

(a) BIFR has reported that the number of sick companies registered with them over the last 3 years is as follows:

1987	1988	1989
311	298	202

(b) BIFR functions in terms of the Sick Industrial Companies (Special Provisions) Act, 1985 and the cases registered are dealt with accordingly. As on 28-2-1990, in respect of 371 cases, final decision had been taken. Others were under different stages.

(c) No, Sir.

(d) Does not arise.

SHRI KAMAL MORARKA: Sir, I do not know whether the honourable Finance Minister has gone through

@Previously Starred Question 84, transferred from the 19th March, 1990.